GOVERNMENT OF INDIA
URBAN DEVELOPMENT AND POVERTY ALLEVATION
LOK SABHA

UNSTARRED QUESTION NO:5228
ANSWERED ON:28.08.2001
REDUCTION IN RATE OF INTEREST FOR HOUSE BUILDING ADVANCE
RAMESH CHAND TOMAR

Will the Minister of URBAN DEVELOPMENT AND POVERTY ALLEVATION be pleased to state:

(a) whether it has been decided to reduce the rate of interest for House Building Advance by one per cent;

(b) if so, the complete details in this regard;

(c) the specific reasons which led to this decision as also rationale behind its present effective date of implementation;

(d) whether the Government would consider to apply the new rates of interest to the House Building Advances already availed by lakhs of Government employees across the country during the last few years and particularly after the inception of the present Government;

(e) the response of the Government thereto in view of the strong and significantly larger impact bearing of this benign decision of the Government on their own employees; and

(f) if not, the reasons therefor?

Answer

MINISTER OF STATE FOR URBAN DEVELOPMENT & POVERTY ALLEVIATION (SHRI BANDARU DATTATREYA)

(a)&(b): Interest chargeable on House Building Advance to Central Governmentemployees has been reduced by 1% for all slabs with effect from 1.4.2001. The revised rates of interest are indicated below:-

S.No.	Amount of Advance sanctioned to a Govt. servant	Revised rate of Interest on HBA (per Annum)
1.	Upto Rs.50000/-	6.5%
2.	Upto Rs.1,50,000/-	8%
3.	Upto Rs.5,00,000/-	10%
4.	Upto Rs.7,50,000/-	11%

(c)to(f): Administered interest rates on small saving schemes were reduced with effect from 1-3-2001 and on General Provident Fund with effect from 1.4.2001. It was decided to pass on the benefit of reduced cost of Government borrowing to, inter-alia, the Government employees by reduction in interest rates on House Building Advance, Motor Car Advance and other Advances. The interest rates on House Building Advance have been revised with effect from 1.4.2001 and the revised rates cannot b e made applicable retrospectively.